

Status: Ready To File

Western Massachusetts Electric Company
Docket No. DTE 04-106

Information Request DTE-01
Dated: 12/02/2004
Q- DTE1-002
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Witness: Richard A. Soderman
Request from: Department of Telecommunications and Energy

Question:

Refer to Exh. C, Att. 1, Sch. C-3.1. Please explain the approximately 15 percent annual increase in healthcare expense from the test year through 2005. As part of this response, explain whether the Company is deriving the pro forma expense level for the year 2005 by extrapolating the approximately 15 percent increase in healthcare expense between the test year and 2004.

Response:

The table below provides the calculation for the healthcare benefit expense as shown in Exhibit C, Att 1, Sch C-3.1. Pages 2 and 3 provide the calculation for the projected 2004 and 2005 healthcare costs before capitalization. The projected 2004 and 2005 healthcare costs are based on actual 2003 costs escalated for inflation determined by the Company's actuary.

The Western Massachusetts Electric Company
(Thousands of Dollars)

Description	2003	2004	2005
Total Distribution Healthcare Cost	\$ 3,968	\$ 4,235	\$ 4,954
Less: Capitalized Portion	1,461	1,341	1,569
Total Distribution Expense	\$ 2,507	\$ 2,894	\$ 3,386



DTE 1-2.xls